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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE OF THE LEGISLATIVE
COUNCIL ON THE DIRECTOR OF AUDIT'S REPORT ON THE
ACCOUNTS OF THE TRANSPORT & HARBOURS DEPARTMENT
FOR THE YEAR ENDED 31ST DECEMBER, 1958.

Comments by the Financial Secretary.

Internal Audit (Paragraph 6)

The scope of the internal audit has been extended as suggested to include spot checks of labour.

Variation of Tariff Rates (Paragraph 7)

Legislation to enable the General Manager to vary tariffs within certain limits is in course of being drafted.

Dredging Charges (Paragraph 8)

The dredging of 36 wharf holdings on the river frontage is provided free as a public service by the Harbour Authorities. The General Manager on the basis of the advice of a departmental working committee decides on the rates to be charged for other extra-ordinary dredging work; it is not considered desirable that this should be changed.

Refunds of Tonnage Dues (Paragraph 9)

An amendment to the Transport & Harbours Department Ordinance to provide for refunds of Tonnage Dues in certain circumstances proposed by the General Manager is being considered in the Ministry.

Increasing Accounting Efficiency (Paragraph 10)

Provision has been made in the 1961 Estimates for the purchase of machines for the mechanisation of the Head Office Accounts. The advice of the Organisation and Methods Division has been sought in this connexion.

Inventories (Paragraph 11)

Stock lists have been completed and a comprehensive inventory system is being maintained. The stock of rails bought from Bermuda has been checked and steps are being taken to dispose of the unserviceable rail, some of which is being used by the Public Works Department on Sea Defence works.

FINANCE SECRETARIAT.

12th July, 1961.

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE OF THE LEGISLATIVE
COUNCIL ON THE DIRECTOR OF AUDIT'S REPORT ON THE
ACCOUNTS OF THE TRANSPORT & HARBOURS DEPARTMENT
FOR THE YEAR ENDED 31ST DECEMBER, 1959.

Comments by the Financial Secretary

Internal Audit (Paragraph 6)

The Internal Audit Staff has been strengthened by the addition of 2 Grade II Clerks. As recorded by the Committee unusual circumstances in the latter half of 1959 prevented the second check of all stations and stellings that year. It is expected that the augmented staff will enable a more extensive and adequate internal audit (including the biannual check of all stations and stellings) in future.

Special Services - Dredging (Paragraph 7)

Certain changes in the administration of the Harbour Services are under active consideration by the Minister and it is not considered advisable to make any changes in the method of charging for special dredging services pending a decision regarding these.

Variation of Tariff Rates (Paragraph 8)

The drafting of legislation to enable the General Manager to vary tariffs within certain limits is receiving the attention of the Law Officers.

Refunds of Tonnage Dues (Paragraph 11)

Further consideration is being given to the question of amending the Transport & Harbours Ordinance to regularise the occasional refund of tonnage dues necessary in certain circumstances.

Ferry Terminals - \$271,087.82 (Paragraph 12)

It is agreed that notwithstanding it was not going to be put into immediate use the specialised equipment for the Berbice Ferry Terminals, which was, in the public interest, purchased at the same time as similar equipment required for the Demerara Ferry Terminals, should have been charged directly to the Ferry Terminals provision.

Unallocated Stores - \$1,569,265.45 (Paragraph 13)

The late compilation of the Stock list was due to the change over from manual to machine accounts during the year; the reconciliation of the stores ledger balances with the financial balances was satisfactorily completed subsequent to the Audit Report. The Committee's recommendation with regard to any increase in the total value of stores held by the Department will be borne in mind.

Insurance Premiums - Collections (Paragraph 14)

Insurance Companies generally have not been receptive to the suggestion that they should contribute to the cost of deducting premiums from officers' pay. It is considered that the officers concerned are the principal beneficiaries of the system and that the work involved is not sufficient to justify making an issue of the matter.

Mechanisation of Accounting System (Paragraph 16)

The necessity to ensure that a mechanical accounting system is suitably geared to the work to be done is appreciated. The Organisation and Methods Service is being consulted in regard to this matter, for which provision has been made in the 1961 Estimates, and care will be taken to see

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that proper economy is obtained.

Administration (Paragraphs 17 and 18)

It is expected that the operations and administration of the Transport and Harbours Department will shortly be the subject of a comprehensive examination. The views of the Committee in this connexion will receive full consideration.

FINANCE SECRETARIAT

12th July, 1961.

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE OF THE
LEGISLATIVE COUNCIL ON THE DIRECTOR OF
AUDIT'S REPORT ON THE ACCOUNTS OF THE
COLONY FOR THE YEAR ENDED 31ST DECEMBER,
1959.

LEGISLATURE,
Public Buildings,
Georgetown.

17th March, 1961.

Your Honour,

We, the Chairman and Members of the Public Accounts Committee, have the honour to submit our Report on the Colony's Accounts for the financial year ended 31st December, 1959.

2. The composition of the Committee and the Advisers were as set out in Appendix I.

3. The Committee sat on the following occasions to consider the Director of Audit's Report on the Colony's Accounts for 1959:-

21st September, 1960	29th September, 1960
22nd September, 1960	6th October, 1960
23rd September, 1960	9th March, 1961.

4. For ease of reference, we have shown at the top of each paragraph in our Report the corresponding paragraphs of the Director of Audit's Report.

Paragraph 4 - Staff.

Paragraph 12 - Application of Funds.

5. In paragraph 7 of our 1958 Report we recommended that the establishment requested by the Director of Audit should be approved. It is understood that this request has been met to a very limited extent. It is to be hoped that the considerations governing this decision include a full appreciation of the need for an adequate audit of the public accounts. The staffing situation in the Audit Department, however, is to a considerable extent indicative of what appears to be a general problem in the Public Service: recruiting and keeping good junior officers. We are of the opinion that the appeal of a Civil Service career could be strengthened by more positive measures such as promotion incentives and making proper use of special abilities or training.

6. With regard to the shortage of experienced technical and administrative officers, it is evident that Government will have to offer better salaries in order to secure the services of officers of the calibre needed. But we are also very concerned about the personnel management of the Public Service. From what we have been told, very few senior officers have had special training in this most important field affecting the smooth and efficient operation and development of Government Departments. We consider that in view of our present difficulties and of the facilities available in the United Kingdom, the United States of America, and, to a certain extent, the University College of the West Indies, all officers in charge of personnel matters, not excluding the Establishment Department, should be specially trained.

Paragraph 10 - Queries.

7. We are pleased to learn that the position regarding outstanding queries has greatly improved since the date of the Director of Audit's report and that a bottleneck in the procedure has been removed.

Paragraph 13 - In-Service Training.

8. We understand that a special committee appointed by Government has this matter in hand and trust that a comprehensive scheme will be introduced without undue delay.

Paragraph 14 - Organisation and Methods.

9. It is understood that in certain cases, the recommendations of the Organisation and Methods Adviser have been temporarily shelved. We consider that Heads of Departments should be required to implement all practical recommendations to improve efficiency.

TREASURYParagraph 27 - Control of Expenditure.

10. It is understood that consideration is being given to the creation of an Inspection Branch of the Treasury which will be responsible for examining financial and accounting procedures in Departments and taking steps to rectify shortcomings. This is evidently a long standing need which we trust will be satisfied without further delay.

Paragraph 33 - Financial Information.

11. It is, to say the least, most unsatisfactory that a policy decision, to withdraw from a Land Settlement, involving the disposal of Government property and affecting the collection of arrears of revenue, should be implemented without due notification to the Financial Secretary, the Accountant General, and the Director of Audit. While, as indicated in the Director of Audit's report, this operation took place in 1960, we trust that it is not indicative of the general attitude of Ministries.

Paragraph 34 - Arrears of Revenue - Returns.

12. We have been informed that these returns were eventually submitted by the Departments, but we are nevertheless very concerned that departmental administrations in general have shown so much indifference to the prompt preparation and submission of important information regarding the public revenues.

Paragraph 50 - Unvouched Expenditure - \$1,401,753.47.

13. We understand that, since the date of the Director of Audit's Report, the vouchers in support of the greater part of this expenditure have been produced. It is evident, however, that the control of vouchers can and should be improved. In cases where original copies of vouchers are in Police or Court custody we suggest that photostatic copies might be made available for audit.

CUSTOMS AND EXCISE DEPARTMENTParagraph 54 - Manifests - Delays in Presentation.

14. For some years now the jerquing of manifests in the Customs Department, that is, the final departmental check on the collection of duty on cargoes discharged by ships and aircraft, has been very much in arrear. Retired officers have been re-employed to overtake the arrears. We understand from the Comptroller that he now proposes to simplify the procedure in order to bring and maintain this important check as up to date as possible. We support any measure towards this end provided efficiency is not sacrificed.

INLAND REVENUE DEPARTMENTParagraph 56 - Arrears of Assessment.Paragraph 57 - Arrears of Collection.

15. We have been informed by the Commissioner of Inland Revenue that owing to insufficiency of staff, particularly qualified and trained officers, and a steadily increasing volume of work, he was finding it exceedingly difficult to reduce the arrears of assessments. The Commissioner's difficulty is obviously part and parcel of the general staffing problem confronting the Government: attracting and keeping the services of a sufficiency of competent officers.

JUDICIARYParagraph 64 - Arrears of Revenue - Write-off.

16. We do not consider that the collection of court fines and fees is as satisfactory as it should be, but we have been informed that steps have been taken to expedite collection. It would appear, however, that the most efficacious remedy would be an amendment of the law and it is understood that this is under review. The present practice of writing off, more or less automatically, fines and fees which have remained unpaid for three years, seems to us to be undesirable for more than one reason.

MINISTRY OF COMMUNICATIONS AND WORKSParagraph 66 - Nugatory Expenditure - \$56,708.28

17. The circumstances of this case are most unfortunate. In anticipation of the take over of the Demerara Electric Company and the prospective demands for more electricity than the Company's plant could supply, the Government placed an order for diesel generating equipment on a United Kingdom Firm in 1957 to supplement the supply. When the equipment was ready for shipment, however, the take-over negotiations were still going on and the Company, for a technical reason, refused to accept this equipment as an adjunct to their plant. As the equipment could not be utilised in any other way, the Government was compelled to ask the manufacturers to dispose of it to the best advantage; a large portion of it is understood to have been sold but the manufacturers claimed cancellation costs amounting to \$56,708.28 and this sum was paid on the advice of the Government's consultants in the United Kingdom. While we appreciate that the placing of the order was done in the public interest, we think it was a serious error to do so without a firm agreement with the Company.

POST OFFICEParagraph 68

18. We recommend that priority should be given to providing the staff necessary for an efficient Postal Service in view of the urgent and ever increasing needs of the public.

Paragraph 69 - Delay in replying to Audit Queries -
Internal Audit.

19. The Director of Posts and Telecommunications has admitted that there has been undue delay in dealing with audit queries and that internal examination of payments has not been satisfactory. We understand that steps have been taken to ensure that queries are dealt with without undue delay but from what we have been told we cannot but conclude that the supervision and accounting and clerical work of the Accounts Branch of the General Post Office leave a great deal to be desired. These deficiencies are, however, not confined to this Department and we are of the opinion that quality of service will not improve so long as promotion is largely based on seniority and fair annual confidential report. In this connection, we suggest that the Administration might consider the institution of service examinations.

Paragraph 73 - Fraud - Post Office Savings Bank - Lack of
Supervision.

Paragraph 74 - Loss - Post Office Savings Bank - \$1,000 -
Personnel Administration.

20. As in the case of the Accounts Branch of the General Post Office, accounting supervision in the Post Office Savings Bank appears to have been lax. Internal check which should disclose irregularity has been very much in arrear and control of depositors' ledger cards has not been maintained. The ingenuity with which a very young cashier recently perpetrated a complicated fraud involving approximately \$10,000 and the unexplained disappearance of \$1,000 from another cashier's cash balance are exceedingly disquieting happenings in a Savings Bank and are indicative of, at the very least, apathy or indifference on the part of those in control. We trust that adequate security and disciplinary measures have been taken.

TELECOMMUNICATIONS

Paragraph 75 - Rehabilitation - Telephone System.

21. While we appreciate that the contracts for the works involved could not provide for every contingency, we are not satisfied, in view of the omission from the estimates of the cost of spur lines, that the contract for cable ducting work was as comprehensive and specific as it should have been. We understand that a special committee is investigating the cost of the new telephone system and we hope to be favoured with its report in due course.

Paragraph 77 - Stores - Mismanagement - Obsolescence.

22. We have been informed by the Director of Posts and Telecommunications that the stocks reported by the Director of Audit as redundant or obsolete will be used on the

renewal of trunk routes and in other ways. We find it difficult to understand, however, why purchases far in excess of current needs have been made over the last ten years and are somewhat dubious about the Department being able to utilise the whole of this accumulated material.

PUBLIC WORKS DEPARTMENT

Paragraph 80 - Water Transport Section - Inefficient Operation.

23. The situation as regards the economies of operation is depressing. We understand from the Acting Director of Public Works that the 1960 deficit is expected to be double that for 1959, being estimates at \$60,000. We do not wish to make any recommendations on this matter as we understand that the Ministry of Communications and Works is dealing with it.

Paragraph 83 - Mechanical Engineer's Yard - Unsatisfactory Accounting.

24. The Acting Director of Public Works has attributed the sad state of affairs in the Yard largely to the lack of a Mechanical Engineer for a period of eighteen months during which the whole administrative and executive burden rested on the Chief Mechanical Engineer. There evidently, however, was need for improved methods of controlling stores and tools and we have been informed that these have been introduced.

Paragraph 84 - Sea Defence Contract - Faulty Construction.

25. Although, from all accounts, the contractors are clearly responsible, we cannot escape the conclusion that ineffective supervision on the part of some Government officer or officers permitted the contractors to hand over a badly done job and so contributed to additional expenditure which has not yet been ascertained in total.

EDUCATION DEPARTMENT

Paragraph 91 - Grants to Schools in excess of authorised limits.

26. The Acting Director of Education has admitted the payment of maintenance and equipment grants at three times the rate prescribed by regulations, but stated that the necessary funds based on the increased rate had been provided by the Legislature for the past nine years. While we do not wish to comment on the adequacy or inadequacy of the unauthorised rate in force, it is most improper that the Legislature should have been presented with estimates, year after year, for expenditure not in accordance with the regulations governing the matter.

HOUSING DEPARTMENT

Paragraph 100 - Stores - Survey - Turnover.

27. We understand from the Acting Commissioner of Housing that the redundant stores have been partly disposed of and that the book value of the remainder amounts to approximately \$200,000. It is unsatisfactory, however,

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that no physical stock taking has been done for a very long time and we consider that this should be done as soon as possible to ascertain losses sustained. It is to be hoped that, in future operations, procurement of material will be closely related to requirements.

MEDICAL DEPARTMENT

Paragraph 103 - Salaries Bank Account.

28. The long unsettled difference between the Salaries Account balance and the bank balance and the undiscovered theft of a cheque book which led to the encashment of a forged cheque for \$28,000 at the bank are indicative of little supervision at the Head Office of the Medical Department. We understand that steps are being taken to remedy this but would like to suggest that officers' duties should be set out in writing and prompt disciplinary action taken on derelictions.

Paragraph 104 - Salary Payment System - Uneconomic Use of Machine.

29. We have not ascertained, precisely how it came about that an expensive payroll machine, understood to have cost about \$28,000 was acquired by the Medical Department during 1956 without a properly planned system of operation so that it has only been used during three days of each month. It appears to us, nevertheless, to be a remarkable example of indifference and irresponsibility on the part of all concerned. It is understood that better utilisation of this machine is being arranged for but we recommend that the practicability of fully utilising existing machines in the salaries payment system of the Service should be thoroughly investigated.

AGRICULTURE DEPARTMENT

Paragraph 110 - Supervision.

Paragraph 111 - Head Office and Central Agricultural Station - Lack of Supervision.

Paragraph 112 - Veterinary Office - New Amsterdam - Irregularities.

30. As in the case of certain other Departments, the delayed replies to audit queries and the shortcomings in accounting work appear to be attributable to some extent to a lack of competent senior staff. We would repeat here that the issue of written instructions and appropriate disciplinary action should help to remedy this unsatisfactory state of affairs.

Paragraph 113 - Marketing Organisations.

31. The information we have received regarding the substantial losses sustained year after year by these Government enterprises incline us to the view that the time is overdue for a revision of policies and the adaptation and/or streamlining of the existing machinery to serve these policies. Consideration should be given to the extent to which the production of foodstuffs should be subsidised by guaranteed purchase, the scope and methods of processing foodstuffs, selling policy, and marketing arrangements. We understand that a

proposal for the creation of a Marketing Department to administer these undertakings was accepted by the Government early in 1959 but that no further action has been taken.

TIMBER SEASONING AND MANUFACTURING PLANT

Paragraph 120 - Losses - 1958 Accounts.

32. It is exceedingly disquieting to learn that the large operating losses of the plant for 1958 and 1959 must be attributed, in the main, to theft. We have been informed by the Conservator of Forests that he has been carrying out a personal investigation of the working of the plant and that he has taken steps to stop the loopholes that he has observed. The Conservator is of the opinion that the plant can be operated so that it makes a reasonable profit and has suggested, towards this end, that the basis of financial administration and accounting should be agreed on by the Government's financial officers and himself. We support the Conservator's proposals and would particularly stress the need for effective stock control.

MINOR INDUSTRIES

Paragraph 121 - Sales and Display Centre - Accounts 1959.

Paragraph 122 - Research Centre - Minor Industries.

33. While we appreciate that expenditure on the development and promotion of minor industries must largely go into research and experimentation, we nevertheless consider that proper controls should be exercised on these activities if money is not to be wasted. The purchasing of raw materials should be related to consumption and purchases of handicraft to demand, credit sales should be strictly limited, and the book-keeping and accounting should be adequate. There appears to have been a lack of awareness of these requirements on the part of those responsible for the Minor Industries operations, with the result that substantial avoidable losses have been sustained.

OTHER ACCOUNTS

Paragraph 123 - Trade Unions - 1958 Accounts.

34. The Director of Audit is required by law to audit, free of charge, the annual accounts of Trade Unions, and has been doing so for the past twelve years. In view of the time and energy expended by the Director and his officers on this work and the apparently negligible improvement in the accounts of the Unions, it is suggested that consideration might well be given to relieving the Director of Audit of this duty to the benefit of the audit of the public accounts.

Paragraph 127 - Central Housing and Planning Authority - 1957 and 1958 Accounts.

35. In view of the admitted confusion of the Authority's accounts with those of the Housing Department and the fact that the Authority is served by the staff of the Housing Department, we recommend that consideration be given to

transfer of the administration of the Wortmanville and Laing Avenue properties to the Housing Department.

36. We attach as Appendix II a list of the Heads of Departments and other officers who attended the meetings of the Public Accounts Committee, and wish to place on record our appreciation of the full and frank way in which questions were answered by these officers.

37. We would wish to record an expression of our appreciation of the invaluable assistance rendered the Committee by the Advisers, the Secretary and the Official Reporters.

We have the honour to be,
Your Honour's obedient servants,

..... *W. O. R. Kendall*
W.O.R. Kendall Chairman.

..... *Fred Bowman*
F. Bowman

..... *Andrew Jackson*
A.L. Jackson
Members.

..... *H. J. M. Hubbard*
H. J. M. Hubbard

..... *A. G. Tasker*
A.G. Tasker

.....
I. Crum Ewing,
Secretary.

His Honour
The Speaker.

A P P E N D I X I.

The composition of the Committee was as under:-

Chairman - Mr. W.O.R. Kendall

Members - Mr. F. Bowman
Mr. A.L. Jackson
Mr. H.J.M. Hubbard
Mr. A.G. Tasker, O.B.E.

with

Secretary - Mr. I. Crum Ewing, Clerk of the Legislature.

.. ..

Advisers - Mr. C.H. Da Silva, Deputy Financial Secretary.
Mr. R.P. Farnum, Accountant General (Ag.).
Mr. J.C. Young, Director of Audit (Ag.)

with

and Mr. B.U.J. Rodrigues, Principal Auditor (Ag.)
Mr. R.I. Janki, Auditor.

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A P P E N D I X II.

The following Heads of Departments and other officers attended meetings when their respective departments were under examination:-

<u>Date of Meeting</u>	<u>Designation</u>	<u>Name of Officer</u>
21.9.60	Chief Establishment Officer (Ag.)	Mr. C.F. D'Ornellas.
	Principal Assistant Secretary, Chief Secretary's Office (Ag.)	Mr. R.E.O. Moriah.
22.9.60	Comptroller of Customs and Excise	Mr. W.R.D. Glasford.
	Commissioner of Inland Revenue	Mr. W.G. Stoll.
	Registrar of the Supreme Court (Ag.)	Mr. Aditya Singh.
	Commissioner of Housing (Ag.)	Mr. C.M.Fraser.
23.9.60	Permanent Secretary, Ministry of Labour, Health and Housing (Ag.)	Mr. E.S. Drayton.
	Permanent Secretary, Ministry of Communications and Works.	Mr. J.A.E. Young.
	Director of Posts and Tele- communications.	Mr. E.E. Cassell.
	Director of Public Works (Ag.)	Mr. A.R. Adamson.
29.9.60	Director of Education (Ag.)	Mr. F.W.E. Case.
	Director of Agriculture.	Mr. G.B. Kennard.
	Director of Land Development.	Mr. W.A. Macnie, C.M.G., O.B.E.
	Deputy Director of Geological Survey.	Mr. C.G. Dixon, B.Sc., F.G.S.
	Conservator of Forests (Ag.)	Mr. L.E. Dow.
	Permanent Secretary, Ministry of Trade and Industry (Ag.)	Mr. S.N. Selman.
	Permanent Secretary, Ministry of Natural Resources (Ag.)	Mr. D. Farnum.
	General Manager, Marketing Organization.	Mr. C.I.V. Mittelholzer.
	Executive Officer, Department of Agriculture.	Mr. M.V.A. Spencer.
	6.10.60	Commissioner of Labour.
Permanent Secretary, Ministry of Labour, Health and Housing (Ag.)		Mr. S.N. Selman.
Deputy Director of Medical Services (Ag.)		Dr. B.B.G. Nehaul.
Accountant, Medical Department.		Mr. D.I. Mittelholzer.
Permanent Secretary, Ministry of Trade and Industry.		Mr. J.E. Luck.
Industrial Officer, Ministry of Trade and Industry.		Mr. B.S. Thakur.
Accountant, Minor Industries Unit.		Mr. J.R. Lam.

P35

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE OF THE LEGISLATIVE COUNCIL
ON THE DIRECTOR OF AUDIT'S REPORT ON THE ACCOUNTS OF THE
TRANSPORT AND HARBOURS DEPARTMENT FOR THE YEAR ENDED
31ST DECEMBER, 1959.

LEGISLATURE,
Public Buildings,
Georgetown.

17th March, 1961.

Your Honour,

We, the Chairman and Members of the Public Accounts Committee, have the honour to submit our Report on the Accounts of the Transport and Harbours Department for the year ended 31st December, 1959.

2. The composition of the Committee and the Advisers were as set out in the Appendix.

3. The Committee sat on two occasions - the 14th of October, 1960 and the 9th of March, 1961, to consider the Director of Audit's Report on the Accounts of the Transport and Harbours Department for the year 1959.

4. Colonel G.B. Thomson, M.B.E., General Manager of the Transport and Harbours Department, with Mr. J.P. Manson-Hing, Chief Accountant and Mr. J.R. Oudkerk, Senior Clerk of the Department, and Mr. E.H. Barrow, Permanent Secretary (Ag.), Ministry of Communications and Works, attended the first meeting. We wish to record our thanks for the replies and explanations given by these officers on the various questions raised.

5. The related paragraph number in the Report of the Director of Audit is shown at the top of the paragraphs in this Report.

Paragraph 7. Internal Audit.

6. The General Manager has attributed the failure to complete the normal programme for checking stations and stellings during 1959 to unusual circumstances which caused his internal audit staff to be assigned other duties. In our Report on the 1958 Accounts we recommended that a more extensive internal audit of the Department should be arranged in consultation with the Director of Audit. The existing arrangements still do not appear to be adequate, but we trust that this unsatisfactory situation will not continue indefinitely.

Paragraph 13. Special Services - Dredging.

7. The General Manager appears to be averse to dredging charges being controlled by regulations approved by a superior authority, on the ground that the desirable flexibility in fixing charges cannot be provided for in this manner. We fail to see, however, that regulations cannot be framed to meet the needs or the varying factors of this essential service.

Paragraph 14. Variation of Tariff Rates.

8. We understand that the draft legislation to give the General Manager the power to vary tariffs within certain limits and in certain circumstances is still under consideration. In this connection we should like to invite attention to paragraph 7 of our Report in respect of the year 1958 which reads as follows: -

"7. It is most unsatisfactory that the General Manager should continue to be placed in the invidious position of having to exercise, in the interest of the public service, a power which it is agreed he should, but which, nevertheless, he does not legally have. We deplore the delay in settlement

of this matter which had been considered in connection with the previous year's accounts, and would again urge early action to introduce the necessary legislation".

Paragraph 17. Receipt Books - Control.

9. Control of receipt books in this Department does not appear to have been satisfactory. We understand that steps have since been taken to ensure adequate control and trust that there will be no further cause for criticism.

Paragraph 21. Virement Authority and Approval of Excess Expenditure.

Paragraph 22. Expenditure incurred on subheads not included in the Approved Estimates.

10. We understand that formal covering authority for the excess expenditure was received subsequent to the date of the Director of Audit's Report. We suggest that earlier action might be taken on such matters in future.

Paragraph 23. Refunds of Tonnage Dues.

11. We have been informed that the proposed amendment of the law governing rates tonnages dues is still under consideration by the Law Officers. In this connection, we wish to repeat paragraph 9 of our Report on the 1958 Accounts which reads, in part, as follows: "we trust that this matter will be regularised as early as possible as this would appear to be a case of the letter of the law not being fully in accord with its intention".

Paragraph 29. Ferry Terminals - \$271,087.82.

12. The General Manager has explained that the cost of equipment for new ferry terminals totalling \$169,983.15 was allowed to remain charged to Unallocated Stores for the reason that the Department was not ready to use it but that he considered that the public interest had been served by purchasing at a time when prices were favourable, and that the equipment would be put into use in due course. We consider, nevertheless, that this expenditure should properly have been charged to the ferry terminals provision.

Paragraph 35. Unallocated Stores - \$1,569,265.45.

13. The General Manager has admitted the arrears in the annual reconciliation of stores balances which he attributed to unusual circumstances which he was taking steps to deal with. We trust that the situation will resolve itself satisfactorily and that all concerned will make a special effort to bring and keep the stores accounting up to date. We understand that an increase in the total value of stores which the Department should maintain is under consideration. We recommend that the matter should be carefully examined so that money should not be tied up uselessly.

Paragraph 45. Insurance Premiums - Collections.

14. We understand that these insurance premiums, which relate to voluntary policies have been collected by the Department and paid over to the insurance companies for many years. There appears to be some objection by the insurance companies to contributing to the cost of this service which has so far been performed free of charge but we are of the opinion that the arguments for and against should be further gone into, particularly in view of the volume of business done by the companies with Government employees.

Paragraph 46. Operation and Maintenance of two 400 K.W. Mobile
Generating Sets.

15. We understand that, since the date of the Director of Audit's Report, the Demerara Electric Company has been paying for this supplementary supply of electricity at rates agreed with the Government pending the take-over of the Company.

Paragraph 47. Mechanisation of Accounting System.

16. While we are aware that the preparation of accounts on machines is becoming more and more desirable in accounting work, we advise that all due care should be taken to see that the machines and the system devised suit the work required of them, are economic to operate, and will be operated with reasonable efficiency.

Administration

17. The Transport and Harbours Department is a public undertaking operating Railway, Steamer, Road Transport, and Harbour Services. As such the Legislature exercises control only on the funds to meet annual net deficiency, and to provide for development and rehabilitation. We observe, however, that administrative difficulties continue to arise, as indicated in some of the preceding paragraphs (e.g., those dealing with charges for dredging services and variation of tariff rates) owing to the powers of the General Manager not being codified so as to make clear the scope of his authority in the efficient discharge of his responsibilities and to the attempt to apply, in the circumstances, normal civil service rules, regulations, and financial and accounting procedures, in so far as they appear to be relevant.

18. We wish to suggest that careful consideration should be given to replacing the present form of administration by a statutory authority such as a Board, Commission, or Corporation to which the General Manager should be responsible and which would make its own rules and regulations to provide for the necessary executive flexibility within the framework of its powers.

We have the honour to be,
Your Honour's obedient servants,

.....
W.O.R. Kendall - Chairman.

.....
F. Bowman

.....
A.L. Jackson

.....
H.J.M. Hubbard

.....
A.G. Tasker.

Members.

.....
I. Crum Ewing,
Secretary.

His Honour the Speaker.

A P P E N D I X

The composition of the Committee was as under:-

Chairman - Mr. W.O.R. Kendall.

Members - Mr. F. Bowman
Mr. A.L. Jackson
Mr. H.J.M. Hubbard
Mr. A.G. Tasker, O.B.E.

with

Secretary - Mr. I. Crum Ewing, Clerk of the Legislature.

... ..

Advisers - Mr. C.H. Da Silva, Deputy Financial Secretary.
(Representing the Financial Secretary).

Mr. R.P. Farnum, Accountant General.

Mr. J.C. Young, Principal Auditor.
(Representing the Director of Audit).

with Mr. B.U.J. Rodrigues, Senior Auditor.
